

EXCHANGE NATIONAL BANK OF CHICAGO
130 South LaSalle Street
Chicago, Illinois 60603

2-169A076

13667
RECORDATION NO. 13667 Filed 1425

June 17, 1982

13667
RECORDATION NO. 13667 Filed 1425

JUN 18 1982-3 30 PM

No. JUN 18 1982
Date JUN 18 1982
Fee \$ 100.00

INTERSTATE COMMERCE COMMISSION
Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

JUN 18 1982-3 30 PM
INTERSTATE COMMERCE COMMISSION

ICC Washington, D. C.

Re: Lease of Railroad Equipment dated April 1, 1982
between ITT Continental Baking Company, Inc. and
Exchange National Bank of Chicago, as Trustee

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. Section 11303 and the Commission's
rules and regulations thereunder, enclosed for filing on behalf
of Modern Woodmen of America are counterparts of the following
documents:

- New number
- (1) Lease of Railroad Equipment dated as of April 1,
1982, between ITT Continental Baking Company, Inc.
and Exchange National Bank of Chicago as Trustee
under Trust Agreement dated as of April 1, 1982
with Portec Lease Corporation.
- A (2) Security Agreement dated as of April 1, 1982
between Exchange National Bank and Modern
Woodmen of America.

The names and addresses of the parties to the aforementioned
Lease and Security Agreement are:

(1) Owner-Trustee-Lessor:

Exchange National Bank of Chicago,
as Trustee under Trust Agreement
dated as of April 1, 1982 with
Portec Lease Corporation
130 South LaSalle Street
Chicago, Illinois 60603
Attention: Corporate Trust Department

(2) Lessee:

ITT Continental Baking Company, Inc.
Executive Offices
P.O. Box 731
Halstead Avenue
Rye, New York 10585
Attention: Elsa Carion
Cary Schmiedel

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Ms. Agatha Mergenovich
June 17, 1982
Page Two

(3) Secured Party:

Modern Woodmen of America
Mississippi River at Seventeenth Street
Rock Island, Illinois 61201
Attention: Investment Department

Please file and record the documents referred to in this letter and index them under the names of the Owner-Trustee-Lessor, the Lessee and the Secured Party.

The Equipment subject to the Lease and Security is described in Annex A to the Lease and consists of thirty (30) 100 ton pressure differential covered hopper railroad cars, 5150 cubic feet capacity with serial numbers 550153, 550144, 550154 through 550157, inclusive, and 550180 through 550203, inclusive.

There is also enclosed a check for \$100.00 payable to the Interstate Commerce Commission, representing the fee for recording the Lease and Security Agreement.

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. Please deliver the remaining counterparts to the bearer of this letter.

Very truly yours,

EXCHANGE NATIONAL BANK OF CHICAGO

By: 

Assistant Vice President

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

6/18/82

OFFICE OF THE SECRETARY

Exchange National Bank of Chicago
130 South LaSalle Street
Chicago, Illinois 60603

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **6/18/82** at **3:30pm**, and assigned re-recording number(s). **13667 & 13667-A**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

13667

RECORDATION NO. Filed 1425

JUN 18 1982 - 3 30 PM

INTERSTATE COMMERCE COMMISSION

EXCHANGE NATIONAL BANK OF CHICAGO,
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY
AS TRUSTEE UNDER A TRUST AGREEMENT
WITH PORTEC LEASE CORP.
dated as of April 1, 1982

and

ITT CONTINENTAL BAKING COMPANY, INC.

LEASE OF EQUIPMENT

dated as of

April 1, 1982

This instrument is executed in counterparts, with one executed counterpart bearing the legend "ORIGINAL" across the bottom of the first page, and each of the other executed counterparts bearing the legend "COPY" across the bottom of the first page. Only the executed counterpart marked "ORIGINAL" shall be deemed to be "CHATTEL PAPER" the delivery of which to a secured party shall perfect a security interest therein. Each executed counterpart marked "COPY" shall be deemed to be an executed original for evidentiary purposes but shall not be deemed to be "CHATTEL PAPER".

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Exhibit A - Equipment Description List
 Exhibit B - Form of Certificate of Acceptance
 Exhibit C - Schedule of Casualty Values

LEASE OF EQUIPMENT

LEASE OF EQUIPMENT dated as of April 1, 1982, (the "Lease") between Exchange National Bank of Chicago, not in its individual capacity but solely as Trustee under a Trust Agreement with Portec Lease Corp. dated as of April 1, 1982 (hereinafter called the "Lessor"), and ITT Continental Baking Company, Inc., a Delaware corporation (hereinafter called the "Lessee").

WHEREAS the Lessee desires to lease from the Lessor certain equipment under this Lease, consisting of thirty (30) 100 ton pressure differential covered hopper railroad cars, 5150 cubic feet capacity or such lesser number as are delivered and accepted and settled for under the terms hereof and which are described on Exhibit A attached hereto (which are hereinafter individually called "Item" or "Item of Equipment"; and, collectively, "Items", "Items of Equipment", or the "Equipment") at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS in connection with the Equipment to be leased hereunder, the Lessor has borrowed or will borrow funds from Modern Woodmen of America (hereinafter referred to as the "Secured Party") pursuant to a Participation Agreement (hereinafter referred to as the "Participation Agreement"), dated as of April 1, 1982, among the Lessor, the Lessee, Portec Lease Corp. (hereinafter referred to as the "Trustor"), and the Secured Party has or will have a security interest in the Lease and the Equipment in accordance with a certain Security Agreement between the Lessor and the Secured Party, dated as of April 1, 1982, (hereinafter referred to as the "Security Agreement"), and the Lessee and the Trustor have entered into an Indemnity Agreement dated as of April 1, 1982 (hereinafter referred to as the "Indemnity Agreement"); and

WHEREAS the Lessor shall acquire the Items of Equipment at the Purchase Price set forth in Exhibit A hereto (hereinafter referred to as the "Purchase Price") from North American Car Corporation (hereinafter called the "Vendor") under the terms and conditions of this Lease, the Participation Agreement and the Purchase Order Assignment dated as of April 1, 1982;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Items to the Lessee upon the following terms and conditions:

SECTION 1: Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past,

present or future claims of the Lessee against the Lessor, the Trustor or the Secured Party under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Items from whatsoever cause any liens, encumbrances or rights of others with respect to any of the Items, the prohibition of or other restriction against the Lessee's use of all or any of the Items, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items, except in accordance with the express terms hereof. Except as expressly provided hereunder each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such rentals or other payments from the Lessor. Notwithstanding the foregoing, Lessee shall not be deemed to have waived any independent causes of action at law in equity against the Lessor arising out of or related to this Lease.

SECTION 2: Delivery and Acceptance of Items. The Lessor hereby appoints the Lessee or any person or persons appointed by the Lessee as its agent for inspection and acceptance of the Items pursuant hereto. The Lessor will cause each Item to be delivered to the Lessee at the point or points at which such Item is delivered to the Lessor. Upon such delivery, the Lessee will cause an inspector appointed by the Lessee to inspect the same, and if such Item is found to be acceptable, to accept delivery of such Item and execute and deliver to the Lessor a certificate of acceptance substantially in the form of Exhibit B hereto attached (each of such certificates of acceptance hereinafter called a "Certificate of Acceptance"), dated as of the acceptance date with respect to each Item or Items accepted in accordance herewith, stating that each such Item has been inspected and accepted on behalf of the Lessor and the Lessee on the date of such Certificate of Acceptance and is marked in accordance with Section 5 hereof, whereupon such Item shall be deemed to have been delivered to and accepted by the Lessee and Lessor and shall be subject thereafter to all the terms and conditions of this Lease. By the execution and delivery of each

such Certificate of Acceptance, the Lessee acknowledges that it has no knowledge of any defects in any of the Items of Equipment covered by such Certificate of Acceptance. The acceptance of an Item or Items of Equipment in accordance with this Section 2 shall not constitute a waiver or release of any claim that the Lessee or the Lessor may have against the Vendor or builder of such Item or Items of Equipment.

SECTION 3: Rent.

(A) Basic Rent. The Lessee will pay to the Lessor Basic Rent ("Basic Rent") for each Item of Equipment identified in a Certificate of Acceptance in 240 monthly installments, payable in arrears. The 240 monthly payments of Basic Rent shall each be in an amount equal to 0.8542% of the aggregate Purchase Price of the Items of Equipment subject to this Lease.

(B) Rent Payment Dates. Basic Rent shall be due and payable beginning thirty days from the Closing Date and on the corresponding day of each succeeding month thereafter, with the final payment of Basic Rent due 240 months after the Closing Date.

(C) Business Days, etc. If any of the Basic Rent payment dates referred to above is not a business day, the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The Lessee agrees to make all payments provided for in this Lease by 11:00 a.m., Central Time, in immediately available funds at such place in the continental United States of America as the Lessor may in writing direct.

SECTION 4: Term of Lease. The basic term of this Lease as to each Item of Equipment shall begin on the date of acceptance of such Item (the "Basic Lease Term Commencement Date"); provided, however, that no Item delivered for acceptance after July 31, 1982, will be included in this Lease. Subject to the provisions of Sections 7, 10, 13 and 18 hereof, this Lease shall terminate with respect to an Item of Equipment on the date on which the final payment of Basic Rent in respect of such Item of Equipment is paid pursuant to Section 3 hereof.

SECTION 5: Identification Marks. The Lessee will cause each Item to be kept numbered with the serial number set forth in Exhibit A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each Item, in letters not less than one inch in height, the words "Leased from EXCHANGE NATIONAL BANK and TRUST COMPANY of Chicago, Illinois, as TRUSTEE, and subject to a Security Interest held by MODERN WOODMEN OF AMERICA and filed with the Interstate Commerce Commission" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and the Secured Party's security interest in such Item and the rights of the Lessor

under this Lease, and of the Secured Party under the Security Agreement. The Lessee will not place any such Item in operation or exercise any control or dominion over the same until such name and words shall have been so marked thereon and will replace promptly any such name and words which may be removed, defaced or destroyed.

The Lessee will not change the identification number of any Unit unless and until (i) amendments to the Lease and the Security Agreement satisfactory in form to the Lessor and Secured Party shall have been prepared by Lessee, which amendments shall contain a statement of new number or numbers to be substituted therefor and upon due execution of the amendments by the Lessor, Lessee and Secured Party, the same shall be filed by the Lessee in all public offices where this Lease and the Security Agreement shall have been filed and (ii) the Lessee shall have furnished the Lessor and the Secured Party an opinion of counsel to the effect that such amendments have been so filed, such filing will protect the Lessor's and the Secured Party's interests in such Units and no filing with or giving of notice to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Lessor and the Secured Party in such Units.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Item as a designation that might be interpreted as a claim of ownership; provided, however, that any Item may be lettered with the names or initials or other insignia customarily used by the Lessee, its affiliates, or permitted sublessees.

SECTION 6: Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor, the Trustor and Secured Party and the Lessee indemnifies the Lessor, the Trustor and the Secured Party separately:

- (A) for collection or other charges; and
- (B) with respect to the amount of:
 - (i) any local, state, federal or foreign taxes, other than:
 - (a) any United States federal income tax, and
 - (b) to the extent that the Lessor receives credit therefor against its United States federal income tax liability, any foreign withholding tax with respect to the payments provided for herein, and
 - (c) the aggregate of all state or city income taxes or franchise taxes measured by net income based on such receipts, or gross receipts taxes based on such receipts (except gross receipts taxes in the nature of sales or use taxes other than such taxes as may be imposed by any taxing jurisdiction

as a result of the use or operation of any Item by the Lessee within such jurisdiction which would not otherwise be imposed but for such use or operation);

- (ii) any license fees, assessments, charges, fines and penalties hereafter levied or imposed upon or in connection with or measured by this Lease or by any sale, rental, use, payment, shipment, delivery, or transfer of title under the terms hereof, or security transfer of title under the Security Agreement;

all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "Impositions", all of which Impositions the Lessee assumes and agrees to pay within 15 days after demand (accompanied by a statement in reasonable detail as to the amount payable) in addition to the other payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Item or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor, the Trustor or the Secured Party, solely by reason of their respective interests in any Item and will keep at all times all and every part of such Item free and clear of all Impositions which might in any way affect the interests of the Lessor, the Trustor or the Secured Party or result in a lien upon any such Item; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting them in good faith and by appropriate legal proceedings and the nonpayment thereof does not, in the reasonable opinion of the Lessor or the Secured Party, adversely affect the title, property or rights of the Lessor, the Trustor or the Secured Party; further provided, the Lessee shall not be required to pay any Imposition until the same is legally due and payable; and provided, further, that the Lessee shall not be required to pay any Imposition or reimburse any person for any loss, cost or expense related to any Imposition which is the subject of any lien, charge, security interest or other encumbrance which the Lessee is not required to pay or discharge. If any Impositions shall have been charged or levied against the Lessor, the Trustor or the Secured Party, directly and paid by the Lessor, the Trustor or the Secured Party, (excluding specifically, any taxes levied on the net income of Lessor, the Trustor or the Secured Party, or any franchise tax in lieu thereof) the Lessee shall reimburse the Lessor all such amounts, the Trustor or the Secured Party on presentation of any invoice therefor.

In the event any reports with respect to Impositions are legally required to be made, the Lessee will either make them or cause them to be made in such manner as to show the interests of the Lessor and the Secured Party in such Items or notify the Lessor and the Secured Party of such requirement and make such reports or cause them to be made in such manner as shall be reasonably satisfactory to the

Lessor and the Secured party; provided, however, that the Lessor, the Trustor and the Secured Party shall provide such information and assistance as shall be appropriate in the circumstances. Lessee shall send or cause to be sent a copy of such report or return to Lessor, the Trustor and Secured party, or will notify the Lessor, the Trustor and Secured Party of such requirement and make or cause to be made such report or return in such manner as shall be reasonably satisfactory to Lessor.

In the event that the Lessor shall become obligated to make any payment to the Secured Party pursuant to Section 6 of the Security Agreement not covered by the provisions of this Section 6 (except payments caused by Lessor's or Trustor's negligence), the Lessee shall pay such additional amounts (which shall also be deemed Impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said Section 6.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Imposition, pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 7: Payment for Casualty Occurrences. In the event that (a) any Item shall be or become worn out, lost, stolen, destroyed, or, in the reasonable opinion of the Lessee irreparably damaged, from any cause whatsoever, or taken or requisitioned or seized by any governmental agency by condemnation or otherwise resulting in loss of possession by the Lessee for a period of sixty (60) days or more; or (b) title to any of the Items shall be impaired and the Lessee's right of possession lost for a period of thirty (30) consecutive days or more as a result of the failure of Lessee to take such steps as may be necessary to protect and preserve the title of Lessor to the Items during the term of this Lease, (such occurrences being hereinafter called "Casualty Occurrences") the Lessee shall promptly and fully notify the Lessor and the Secured Party within 15 days of Lessee's learning of a Casualty Occurrence. On the Basic Rent payment date next succeeding such notice (or, in the event such notice is delivered after the 60th day next preceding the expiration of the term of this Lease or any renewal thereof, within 60 days after such occurrence) the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Item due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Item as of the date of such payment in accordance with this Section 7. Upon the making of such payment by the Lessee in respect of any Item, the rental for such Item shall cease to accrue, the term of this Lease as to such Item shall terminate and (except in the case of the loss, theft or complete destruction of such Item) the Lessor shall be entitled to recover possession of such Item. The Lessor hereby appoints the Lessee its agent to dispose of any Item suffering a Casualty Occurrence or any component thereof, at the best price obtainable on

an "as is, where is" basis, provided that the Lessee shall be entitled to the proceeds of disposition of such Item to reimburse the Lessee for any payment by the Lessee of the Casualty Value of such Item, and shall pay any excess to the Lessor after deduction from such excess of the reasonable expenses of the Lessee incident to such sale.

The Casualty Value of each Item of Equipment as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Item as is set forth opposite the date of the applicable Basic Rent payment date in Exhibit C attached hereto.

Except as provided in this Section 7, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of any Casualty Occurrence to any Item during the term of this Lease or any extension or renewal thereof with respect to such Item.

SECTION 8: Reports. On or before July 1, in each year, beginning July 1, 1983, the Lessee will furnish to the Lessor, the Trustor and the Secured party an accurate statement (a) setting forth as of the preceding May 31, the description and serial numbers of all Items of Equipment that have suffered a Casualty Occurrence not reflected in a previous report pursuant to this Section 8, and such other information regarding the condition and state of repair of the Items of Equipment as the Lessor or Secured party may reasonably request (which statement shall be in addition to the notice of Casualty Occurrence required in Section 7); and (b) stating that, in the case of all Items of Equipment repainted or repaired during the period covered by such statement, the serial numbers and the markings required by Section 5 hereof have been preserved or replaced. The Lessor, at its sole cost and expense shall have the right by its agents, to inspect the Items of Equipment (provided, however, that such inspection shall not impede the orderly movement at origin or destination of any Item of Equipment) and the Lessee's records with respect thereto at such reasonable times following at least three days' prior written notice to the Lessee as the Lessor may request during the continuance of this Lease. In addition, upon written request by the Lessor, the Trustor or the Secured Party, Lessee shall promptly advise such person of the most recent location known to the Lessee of any Item of Equipment subject to this Lease.

SECTION 9: Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE LESSOR MAKES NO AND SHALL NOT BE DEEMED TO HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR

PURPOSE OR AS TO TITLE TO THE ITEMS OF EQUIPMENT OR ANY COMPONENT THEREOF, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE; except that the Lessor, represents and warrants that the Lessor has whatever title to the Items was originally conveyed to the Lessor, free and clear of all liens, charges and encumbrances attributable to any act or failure to act on the part of the Lessor unrelated to the transactions contemplated hereby or in the Participation Agreement. The Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against any Vendor or the builder, of any Item of the Equipment. Any sum collected as a result of such enforcement shall be paid to the Lessee to the extent required to correct the defects in the Items and to reimburse the Lessee for its reasonable costs of collection (including reasonable attorneys fees) and the Lessee may retain any recoveries specifically identified as consequential damages recovered by Lessee. The balance of any sums so collected by the Lessee shall remain the property of Lessor. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Items described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the matters referred to in this paragraph.

The Lessee agrees, for the benefit of the Lessor, the Trustor and Secured Party, to comply in all respects with all laws of the jurisdictions in which the Items of Equipment may be used or operated, and with all lawful rules of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Items (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads in effect from time to time); provided that, in any event, Lessee shall comply in all respects with all such laws and rules as involve any significant possibility of criminal liability on the part of the Lessor, the Trustor or the Secured Party, or any significant possibility of liability on the part of the Lessor, the Trustor or the Secured Party not indemnified against by the Lessee. Notwithstanding the foregoing sentence, in the event that such laws or rules require the alteration of the Items, or in case any equipment or appliance on any Item shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on any Item in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, changes, additions and replacements

at its own expense. The Lessee may at its own expense, upon written notice thereof to the Lessor, the Trustor and the Secured Party, in good faith contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Lessor, the Trustor or Secured Party (based upon consultation with counsel if requested by Lessee and paid for by Lessee) adversely affect the property or rights of the Lessor or the Secured Party under this Lease.

Subject to the provisions of Section 7 hereof, the Lessee agrees that, at its own cost and expense, it will maintain and keep each Item in good order and repair, ordinary wear and tear excepted, and in any event, suitable for use in interchange in accordance with the Interchange Rules of the Association of American Railroads. The Lessee will comply with all requirements and recommendations of the Vendor of the Equipment for the use, maintenance and operation of the Equipment, including such manufacturers' or Vendors' current manuals of operation, and any supplement or update thereto, with respect to which any failure in compliance would limit or excuse the manufacturers' or Vendors' obligation to repair any defects, the failure to repair which would substantially impair the value of any Item.

The Lessee shall use the Equipment for the customary purpose or purposes for which such Equipment was designed and shall not subject any Items of Equipment to careless or needlessly excessive, violent or rough use.

Any and all additions to any Item and any and all parts installed on and additions and replacements made to any Item shall constitute accessions to such Item and, at the cost and expense of the Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Security Agreement) shall immediately be vested in the Lessor, and the Secured Party as their respective interests appear in the affected Item; provided, however, that the Lessee, at its own cost and expense, may furnish additions to any Item during the term of this Lease provided that such additions do not diminish the value, utility or condition of such Item and are readily removable without causing damage to such Item, in which case such additions shall be owned by the Lessee, and shall be removed by the Lessee, at its expense, without causing damage to such Item, upon or prior to return of such Item to the Lessor pursuant to Section 11 or Section 14 hereof.

The Lessee hereby agrees to indemnify, protect and hold harmless the Lessor (in both its individual and fiduciary capacities), the Trustor and the Secured Party, separately, from and against all losses, damages, injuries, liabilities, suits, causes of action, judgments, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, or penalties and interest arising out of, alleged to have arisen out

of, or as the result of the entering into or the performance of this Lease, the ownership of any Item, the ordering, acquisition, use, operation, condition, purchase, delivery, non-delivery, rejection, storage, freight charges or return of any Item or any accident in connection with the operation, use, condition, possession, storage or return of any Item resulting in damage to property or injury or death to any person, except as otherwise provided in Section 14 of this Lease, and except as directly results from Lessor's gross negligence or wilful misconduct. Any payments made pursuant to the indemnities provided for in this paragraph shall be augmented by such sum, if any, as may be necessary to defray any additional tax liability of the indemnitee that would not have been incurred but for the indemnity and to put the indemnitee in the same financial position he would have been in had such event not occurred. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease, the termination of this Lease, or damage to, or the destruction of, any or all Items of Equipment.

Anything in this Section 9 to the contrary notwithstanding, the Lessee shall not be required to indemnify the Lessor, the Trustor, the Secured Party or any other person (hereinafter referred to in this paragraph as the "Indemnitees") against any loss, damage, injury, claim or demand which arises out of or is caused by breach of warranty of possession, use, or quiet enjoyment by the party to be indemnified or the gross negligence or wilful misconduct of such Indemnitee, provided, however, that for the purpose of this indemnity no such gross negligence, wilful misconduct, violation, breach, encumbrance or obligation by one Indemnitee shall be imputed to any other Indemnitee nor be deemed to relieve the Lessee of its obligation to the other Indemnities. Lessee upon payment of the above indemnity shall be subrogated to rights of persons or entities indemnified.

The Lessee shall prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership, lien or leasehold by the Lessor or the Secured Party of the Items, or the leasing thereof other than reports required solely by reason of this business of Lessor, or Secured Party, not related to this Lease or its subject matter, provided, however, that the Lessor shall, to the extent appropriate, join in and execute such reports.

SECTION 10: Default. If, during the continuance of this Lease, one or more of the following events (each such event being hereinafter sometimes called an "Event of Default") shall occur:

A. default shall be made in payment in the account designated by the Lessor or Secured Party from time to time of

any amount due under this Lease and such default shall continue for five days;

B. the Lessee shall make or permit any unauthorized sublease, assignment or transfer of this Lease or of possession of any Item or Items not permitted by Section 12 hereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue unremedied for 30 days after the earlier of receipt of actual knowledge by any officer of the Lessee or written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied;

D. any material representation or warranty made by the Lessee herein or by or on behalf of the Lessee in any document or certificate furnished to the Lessor by or on behalf of the Lessee in connection herewith or pursuant hereto shall at any time prove to have been incorrect as of the date or dates when made, in any material respect;

E. the Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or the Lessee shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or the Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under the Federal Bankruptcy Act (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against the Lessee in any such proceeding, or the Lessee shall by voluntary petition, answer or consent, seek relief under the provisions of any other now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors;

F. an order, judgment or decree shall be entered against the Lessee without that party's consent, by any court or governmental agency of competent jurisdiction appointing a receiver, trustee or liquidator of the Lessee or of any substantial part of its property, or any substantial part of the property of the Lessee shall be sequestered, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 60 days after the date of entry thereof;

G. a petition against the Lessee in a proceeding under the Federal Bankruptcy Act or other insolvency laws (as now or hereafter in effect) shall be filed and shall not be withdrawn or dismissed within 60 days thereafter, or if, under the

provisions of any law providing for reorganization or winding-up of corporations which may apply to the Lessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Lessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force, unrelinquished, unstayed or unterminated for a period of 60 days; or

H. the Lessee shall fail to notify the Lessor, the Trustor and the Secured Party of any Event of Default;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including without limitation reasonable attorneys' fees; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Items of Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Items of Equipment may be and take possession of all or any of such Items of Equipment and thenceforth hold, possess and enjoy the same, free from any right of the Lessee, or its successors or assigns, to use the Items of Equipment for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which, under the terms of this Lease, may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Item, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Item over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Item during such period to be computed in each case on the basis of a 8% per annum discount, compounded annually from the respective dates upon which rentals pursuant to Section 3 hereof would have

been payable hereunder had this Lease not terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of each Item as of the rental payment date on or next preceding the date of termination over the amount that the Lessor reasonably estimates to be the sales value of each Item at such time; provided, however, that in the event that the Lessee shall object to the amount specified by the Lessor pursuant to either of the preceding clauses (x) and (y) the parties shall cause an appraisal to be made in the manner provided in Section 13 of this Lease, to determine, at Lessee's sole expense, the applicable amount under the preceding clauses (x) and (y) and such determination shall be binding upon the Lessor and the Lessee, but such amount shall in any event be sufficient to repay the unpaid principal amount of the outstanding note secured by the Security Agreement together with all accrued interest (including any penalty interest) thereon to the date of payment; provided further, that in the event that the Lessor shall have sold any Item (which sale shall be in a commercially reasonable manner), the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee may at its sole option demand that the Lessee pay to it, and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Item, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. However, no remedy or combination of remedies hereunder shall increase Lessee's obligations under the Lease beyond the aggregate of (a) the amounts which would have been payable by the Lessee or otherwise realized by the Lessor had the Lease been performed, including, but not limited to, any diminution in the value of the Equipment or any loss occasioned by the failure of the Lessor to realize the residual value of the Equipment; (b) damages, expenses (including reasonable attorney's fees and expenses) and obligations resulting from such default; and (c) interest as provided herein. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf, except to the extent specifically permitted hereunder.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the Events of Default shall

not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar, or any other Events of Default.

The Lessee agrees to furnish written notice to the Trustee promptly upon any responsible officer's becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which after notice or lapse of time or both would constitute such an Event of Default, specifying such condition and the nature and status thereof. A "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 11: Return of Equipment Upon Default. If this Lease shall terminate pursuant to Section 10 hereof, the Lessee shall forthwith deliver possession of the Items of Equipment to the Lessor in at least as good operating order, repair and condition as that in which the Lessee is obligated to maintain the Equipment pursuant to Section 9 hereof. For the purpose of delivering possession of any Item or Items of Equipment to the Lessor as above required, the Lessee shall, at its own cost, expense and risk:

(a) forthwith cause each such Item of Equipment to be transported to such place in the continental United States of America, except the State of Alaska, as the Lessor may designate in writing; and

(b) store each such Item of Equipment on such lines of railroad so designated by Lessor (which may be, if Lessor shall designate, premises owned or leased by Lessee) at the risk and expense of the Lessee for 180 days or until the same has been satisfactorily disposed of by the Lessor, whichever occurs earlier.

The delivery, storage and transporting of the Equipment as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease. Upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to disassemble, deliver, store and transport the Equipment as provided herein. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such item of Equipment, to inspect the same during normal business hours.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the

Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Item of Equipment to the Lessor, to demand and take possession of such Item of Equipment.

SECTION 12: Assignment; Possession and Use. This Lease or the rents hereunder shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under Sections 6, 7, 10 and 15, and the rights to receive the rent payable under this Lease) shall inure to the benefit of the Lessor's assigns.

In furtherance of the immediately preceeding paragraph, the Lessee acknowledges that pursuant to the Security Agreement the Lessor shall assign to the Secured Party its rights under this Lease excepting from such assignment the indemnities of the Lessee running to the Lessor or the Trustor contained in Sections 6 and 9 of the Lease to the extent that the Lessee has agreed to indemnify the Secured Party separately in each instance (such indemnities of Lessee so excepted being hereafter referred to as the "Excepted Indemnities"). The Lessee acknowledges that it has reviewed the Security Agreement and is familiar with the reservation by the Lessor of its rights under this Lease with respect to the Excepted Indemnities which are to be considered personal indemnities and not part of the security assignment of this Lease for purposes of the Security Agreement, and the Lessee acknowledges that those Excepted Indemnities will not be assigned to the Secured Party. The Excepted Indemnities shall be and remain enforceable by the Lessor and the Trustor against the Lessee notwithstanding the assignment by the Lessor of all other of its right, title and interest in and to this Lease. As to the Lessor, the Lessee waives any defense to its obligations under this Lease arising solely out of the fact that some but not all of Lessor's rights under this Lease have been assigned.

The Lessee, at its own expense, will promptly at all times during the term of this Lease or any extension or renewal thereof and upon return of the Equipment pursuant to Section 11 or 14 hereof, pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or Secured Party, or other assignee of Lessor or resulting from claims against the Lessor or Secured Party or other assignee of Lessor, not related to the ownership of the Equipment or assumed by Lessee hereunder) upon or with respect to any Item of Equipment, including any accession thereto, or the interest of the Lessor or Secured Party, therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Items of Equipment, except to the extent permitted by the provisions of this Section 12.

Lessee may without the prior written consent of the Lessor, assign or transfer its leasehold interest under this Lease in the Items or any of them; provided, however, that any such sublease satisfies each of the requirements hereinafter set forth. Every such sublease shall expressly subject the rights of the subleasee under such sublease to the rights of the Lessor in respect of each Item covered by such sublease in the event of the happening of an Event of Default, shall in all respects be subject and subordinate to this Lease, shall permit the Item or Items subject to such sublease to be used only in the same geographical area in which such Item or Items may be used by the Lessee pursuant to this Lease, and shall not release or otherwise discharge the Lessee from any of its obligations under this Lease. On or prior to the effective date of any such sublease which may be entered into by the Lessee without the consent of the Lessor, the Lessee shall give the Lessor written notice thereof and a copy of such sublease. In no event shall any assignment, transfer or sublease relieve the Lessee of any of its obligation liabilities or duties hereunder, which shall be and remain those of a principal and not of a guarantor.

Lessee will not cause or permit the Equipment to be used in such manner or to carry any cargo that will expose the Equipment to penalty, forfeiture or capture.

The Lessee will not cause or permit any Item of Equipment to be used outside the contiguous 48 states of the United States of America, without the prior written consent of the Lessor.

Any removal or loss of possession caused by a Casualty Occurrence or by a governmental agency exercising the power of condemnation shall not be considered a breach of Lessee's obligations contained in this Section 12. Nothing in this Section 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Items or possession of the Items to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder, under the Indemnity Agreement and under the Participation Agreement) into or with which the Lessee shall have become merged or consolidated (provided such entity shall have net worth not less than that of Lessee immediately prior to such merger or consolidation) or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that upon the effectiveness of such merger, consolidation or acquisition, no Event of Default shall have occurred and be continuing hereunder.

SECTION 13. Renewal Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than 180 days prior to the end of the original term of this Lease,

elect to extend the term of this Lease in respect of all but not less than all of the Items of Equipment then covered by this Lease for an additional one-year period commencing on the scheduled expiration of the Basic Rent term. In the event that the term of this Lease is extended pursuant to the preceding sentence for any Item or Items, the monthly rent for such Item or Items payable for and during any such renewal term shall be an amount equal to the "Fair Market Rental Value" (as hereinafter defined) of such Item or Items.

Fair Market Rental Value shall be determined on the basis of, and shall be equal to, the value which would obtain in an arm's length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing Lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before 90 days prior to the commencement of the renewal term, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental Value of the relevant Items of Equipment, such value shall be determined in accordance with the foregoing definitions by a qualified independent Appraiser. The term Appraiser shall mean such qualified independent appraiser as the Lessor and Lessee may select by mutual agreement, or failing such agreement, two qualified independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 60 days prior to the date of commencement of the renewal term of the Lease, then a third qualified independent appraiser selected by the first two appraisers or the American Arbitration Association. If no such third appraiser is appointed by the 50th day prior to the commencement of the renewal term, either party may apply to the American Arbitration Association to make such appointment of a qualified independent appraiser, and both parties shall be bound by any appointment made by such Association. If a third appraiser shall be appointed either by the two appraisers selected by the parties or the American Arbitration Association, the Fair Market Rental Value determined by each of the three appraisers shall be averaged, the one determination, if any, of the appraiser whose determination varies by the greatest amount from the average of the determinations by the three appraisers shall be excluded, and the determinations of the two remaining appraisers shall be averaged and such average shall constitute the determination of the Fair Market Rental Value. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne equally by the Lessee and the Lessor. If on or before 90 days prior to the commencement of the renewal term elected by the Lessee hereunder for any Item, the Lessee and the Lessor are unable to agree upon a determination of the Fair Market Rental Value of such Item, the Lessee may, not later than 85 days prior to the commencement of such

renewal term, give the Lessor written notice of its determination to rescind such election to renew the Lease with respect to such Item.

SECTION 14: Return of Equipment Upon Expiration of Term.

(A) Upon the expiration or termination of this Lease or any extension hereof, the Lessee, at its own expense, will transport, insure and return the Equipment to the Lessor at such point on railroad lines within the Continental United States, excluding Alaska, as Lessor shall designate in writing. The Equipment shall be returned to the Lessor in at least as good operating order, repair and condition as that in which the Lessee is obligated to maintain the Equipment pursuant to Section 9 hereof and shall be suitable for use in interchange in accordance with the Interchange Rules of the Association of American Railroads.

(B) If Lessor so requests or if Lessor fails to appoint a place of return as provided in the foregoing subsection, then the Lessee will permit the Lessor to store any or all Items of Equipment, at Lessee's expense, on such storage tracks as the Lessor may reasonably specify or on any other lines owned or leased by Lessee, for a period not exceeding 180 days for each Item of Equipment. During any such storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Item of Equipment, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence, gross negligence or wilful misconduct of the Lessee or of its employees or agents, for any loss or damage to such Item or for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The delivery, storage and transporting of the Items of Equipment as hereinbefore provided are of the essence of this Lease. Upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to deliver, store and transport the Items of Equipment.

SECTION 15: Filing. Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee at its own expense will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303 and in such other places within or without the United States as the Lessor or the Secured Party may reasonably request and will furnish the Lessor and the Secured Party proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Secured Party for the purpose of protecting the Lessor's title to, or the Secured Party's

security interest in, any Item of Equipment to the reasonable satisfaction of the Lessor's or the Secured Party's counsel or for the purpose of carrying out this Lease, and in connection with any such action, will deliver to the Lessor and the Secured Party proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Secured Party that such action has been properly taken. Lessor shall advise Lessee of any situation of which it has actual knowledge which requires action by Lessee under this Section. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

SECTION 16: Security Assignment. The Lessor may from time to time assign its interest hereunder, as provided in the Security Agreement. The assignment of such interest and creation of a lien under the Security Agreement shall not require the Lessee's written notice from the Lessor of such an assignment (except sums payable pursuant to the Excepted Indemnities as defined in Section 12 hereof). The Lessee will pay all sums due to the Lessor under this Lease to the Secured Party, at such time and in such manner as the Secured Party may direct in writing.

SECTION 17: Insurance to be Maintained.

(A) The Lessee will, at all times prior to the return of the Items of Equipment to the Lessor, and at its own expense, cause to be carried and maintained (i) casualty insurance in respect of the Equipment at the time subject hereto in an amount at least equal to the Casualty Value of the Equipment; (ii) public liability insurance with respect to third party personal and property damage, and the Lessee will continue to carry such insurance with such deductibles (not to exceed \$50,000 per occurrence), in such amounts (which, with respect to the above-mentioned public liability insurance, shall not be less than \$10,000,000 for any single occurrence), and for such risks as are consistent with prudent industry practice but in any event with no greater deductibles and at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Equipment. The proceeds of the casualty insurance shall be payable to the Lessor, the Trustor, the Secured Party and the Lessee, as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancellation or material change in coverage to the Lessor, the Trustor and the Secured Party and (ii) name the Lessor, the Trustor and the Secured Party as additional named insureds, as their respective interests may appear, and shall provide that, in respect of the interests of the Lessor, the Trustor and the Secured Party in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee and shall insure the Lessor, the Trustor and the Secured Party regardless of any breach or violation of any warranty, declaration or condition contained in such policies (or in the application therefor or in any other document submitted to the insurer in connection therewith) by the Lessee. Prior to the first

date of delivery of any Item of Equipment pursuant to the Lease, and thereafter not less than 5 days prior to the expiration dates of the expiring policies required pursuant to this Section 17, the Lessee shall deliver to the Lessor, the Trustor and the Secured Party certificates of insurance issued by the insurers thereunder evidencing the insurance maintained pursuant to this Section 17; provided, however, that if the delivery of a certificate is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

(B) If the Lessor shall receive (i) any insurance proceeds from insurance maintained by the Lessee pursuant hereto in respect of any Item suffering a Casualty Occurrence, so long as no Event of Default shall have occurred and be continuing, the Lessor shall pay such insurance proceeds to the Lessee to the extent of any Casualty Value actually paid by the Lessee as a reimbursement of any Casualty Value paid by the Lessee and any balance of such proceeds shall continue to be the property of the Lessor, or (ii) any condemnation payments with respect to any Item suffering a Casualty Occurrence, so long as no Event of Default shall have occurred and be continuing, the Lessor shall remit such payments to the Lessee to the extent of any Casualty Value actually paid by the Lessee as a reimbursement of any Casualty Value paid by the Lessee, and any balance of such condemnation payments shall remain in the property of the Lessor. Insurance proceeds received by the Lessor in respect of any Item not suffering a Casualty Occurrence shall, to the extent of the cost of repairs of such damage, be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Item in respect of such proceeds has been repaired.

(C) In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest at the rate of 17.5% per annum.

SECTION 18: Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, interest at the rate of 17.5% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser rate of interest as may be legally enforceable.

SECTION 19: Covenant of Quiet Enjoyment. So long as Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment and to the quiet enjoyment thereof in accordance with the terms of this Lease.

SECTION 20: Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

If to the Lessor: Exchange National Bank of Chicago
130 South LaSalle Street
Chicago, Illinois 60603
Attn: Corporate Trust Department

If to the Trustor: Portec Lease Corp.
300 Windsor Drive
Oak Brook, Illinois
Attn: W. Fransworth

If to the Lessee: ITT Continental baking Co., Inc.
Halstead Avenue
Rye, New York 10580
Attn: Richard Cortland

If to the Secured
Party: Modern Woodmen of America
Mississippi River at Seventeenth Street
Rock Island, Illinois 61201
Attn: Investment Department

SECTION 21: Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Equipment and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor, the Lessee and the Secured Party.

SECTION 22: Execution. This Lease may be executed in counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Lessor shall be deemed to be the original counterpart. Although this Lease is dated as of the date first set forth above for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated on the signature page hereof.

SECTION 23: Jurisdiction and Law Governing. This Lease shall be considered as having been executed in the State of Illinois, irrespective of its actual place of delivery and shall in all respects be governed by, and construed in accordance with, the laws of the State of Illinois, including all matters of construction, validity and performance. To the extent permitted by law, the Lessee hereby irrevocably waives any immunity from jurisdiction or venue to which it might otherwise be entitled in any action arising out of or relating to the Lease which may be instituted in any such court in the States of Illinois or New York, and any immunity from the execution or enforcement, in any court of general jurisdiction, of any judgment obtained in such action.

SECTION 24: Agreement for Lease Only. The Lessor and the Lessee agree that this Lease is, and is intended to be, a true Lease (and not a Lease intended as security or a lease in the nature of a security interest), that as between Lessor and Lessee, Lessor is the owner of the Equipment for all purposes and that Lessee has no rights to the Equipment whatsoever other than as Lessee under this Lease, and Lessor and Lessee further agree to treat this lease as a true Lease for all purposes and to take no actions inconsistent with the foregoing.

Lessee and Lessor hereby further agree that, for Federal income tax purposes, this Lease shall constitute an agreement with respect to "qualified leased property," as such term is defined in Section 168(f)(8)(D) of the Internal Revenue Code of 1954, as amended (the "Code"). Lessor, as lessor of such property for Federal income tax purposes, and Lessee, as lessee of such property for Federal income tax purposes, hereby (i) agree to characterize, and do hereby characterize, this Lease as lease, with Lessor as owner-lessor and Lessee as lessee, and the Equipment as property leased thereunder and (ii) irrevocably elect to have the provisions of Section 168(f)(8) of the Code apply to this Lease and to the Equipment and the subject transaction. Lessor and Lessee hereby further agree to take all such procedural action as may be required by the regulations of the Treasury Department to effectuate this election. Lessee represents and warrants to Lessor that it has not made, and covenants that it will not make, any designation or election for Federal income tax purposes under Section 168(f)(8) of the Code inconsistent with this election.

SECTION 25: Lessor as Trustee. Lessor has entered into this Lease, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of April 1, 1982 (the "Trust Agreement") with Portec Lease Corp. as Trustor. It is expressly understood and agreed, anything herein to the contrary notwithstanding contained in this Lease, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of the Lessor are each and every one of them is made and intended for the purpose of binding only the Trust Estate (the "Trust Estate") as

such term is used in the Trust Agreement, and this Lease is executed and delivered by the Lessor solely in the exercise of the powers expressly conferred upon the Lessor as Trustee under said Trust Agreement and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Lessor in its individual capacity or the Trustor on account of any representation, warranty, undertaking, covenant or agreement of the Lessor, either expressed or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and by all persons claiming by, through or under them.

IN WITNESS WHEREOF, the Lessor and the Lessee have executed this Lease as of the day and date first above written.

EXCHANGE NATIONAL BANK, not in its individual capacity but solely as Trustee Under a Trust Agreement dated as of April 1, 1982

By: _____
Its

(S E A L)

ATTEST:

ITT CONTINENTAL BAKING COMPANY, INC.

By: Ray J. Smith
Its

(S E A L)

ATTEST:

Alan C. Davis
Secretary

3502B/27

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

On this 14 day of June, 1982 before me appeared BEN A. ROSEN
and VINCENT B. BOWLER personally known to me to
be the Vice President and Assistant Trust Officer of EXCHANGE
NATIONAL BANK OF CHICAGO, respectively and personally known to me to
be the persons whose names are subscribed to in the foregoing
instrument, and severally acknowledged that as such Vice President
and Assistant Secretary they signed and delivered said instrument on
behalf of said corporation and caused the corporate seal to be
affixed thereto by the authority of its Board of Directors as the
free and voluntary act of said corporation for the uses and purposes
set forth.

Marion L. Fritscher
Notary Public

My Commission Expires: March 1, 1986

(S E A L)

STATE OF NEW YORK)
) SS
COUNTY OF WESTCHESTER)

On this 18th day of June, 1982 before me appeared Ray L. Schmedel
and Alan C. Davis personally known to me to be
the Assistant Treasurer and Secretary of ITT CONTINENTAL BAKING
COMPANY, respectively and personally known to me to be the persons
whose names are subscribed to in the foregoing instrument, and
severally acknowledged that as such Assistant Treasurer and
Secretary they signed and delivered said instrument on behalf of
said corporation and caused the corporate seal to be affixed thereto
by the authority of its Board of Directors as the free and voluntary
act of said corporation for the uses and purposes set forth.

Louis R. Melinelli
Notary Public

My Commission Expires: March 30, 1983

(S E A L)

3502B/27

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

On this ____ day of June, 1982 before me appeared _____
and _____ personally known to me to
be the Vice President and Assistant Trust Officer of EXCHANGE
NATIONAL BANK OF CHICAGO, respectively and personally known to me to
be the persons whose names are subscribed to in the foregoing
instrument, and severally acknowledged that as such Vice President
and Assistant Secretary they signed and delivered said instrument on
behalf of said corporation and caused the corporate seal to be
affixed thereto by the authority of its Board of Directors as the
free and voluntary act of said corporation for the uses and purposes
set forth.

Notary Public

My Commission Expires: _____

(S E A L)

STATE OF NEW YORK)
) SS
COUNTY OF WESTCHESTER)

On this ____ day of June, 1982 before me appeared _____
and _____ personally known to me to be
the Assistant Treasurer and Secretary of ITT CONTINENTAL BAKING
COMPANY, respectively and personally known to me to be the persons
whose names are subscribed to in the foregoing instrument, and
severally acknowledged that as such Assistant Treasurer and
Secretary they signed and delivered said instrument on behalf of
said corporation and caused the corporate seal to be affixed thereto
by the authority of its Board of Directors as the free and voluntary
act of said corporation for the uses and purposes set forth.

Notary Public

My Commission Expires: _____

(S E A L)

EXHIBIT A

EQUIPMENT DESCRIPTION LIST

<u>TYPE</u>	<u>QUANTITY</u>	<u>MANUFACTURER</u>	<u>SERIAL NUMBERS</u>	<u>PURCHASE PRICE</u>
100 Ton Pressure Differential Covered Hopper Railroad Car 5150 Cubic Ft. capacity	30	North American Car Corporation	550143, 550144, 550154 through 55157, inclusive, 550180 through 550203, inclusive.	\$72,606.55 per Car
			TOTAL	<u>\$2,171,956.50</u>

EXHIBIT B

CERTIFICATE OF ACCEPTANCE
UNDER LEASE OF EQUIPMENT

TO: The Lessor and Secured Party, as defined in a Lease of Equipment dated as of April 1, 1982, between EXCHANGE NATIONAL BANK, not individually, but solely as Trustee under a Trust Agreement dated as of April 1, 1982 (the "Lessor") and ITT CONTINENTAL BAKING COMPANY, INC. (the "Lessee").

I, a duly appointed inspector and authorized representative of the Lessee and of the Lessor, hereby certify that I have inspected, received, approved and accepted delivery, on behalf of the Lessee and Lessor under the Lease of Equipment of the following Items of Equipment:

Type of Equipment: 100 Ton Pressure Differential Covered Hopper Cars - 5150 cubic foot capacity

Manufacturer: North American Car Corporation

Place Accepted:

Date Accepted:

Number of Items:

Serial Number(s):

Purchase Price of Each

Item of Equipment: \$72,606.55

I further certify that the foregoing Equipment is in good order and condition, and conforms in all material respects to the specifications applicable thereto, and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all Standards recommended by the Association of American Railroads for similar equipment and at the time of delivery to the Lessee there was plainly, distinctly, permanently and conspicuously marked upon each Item of Equipment the following legend in letters not less than one inch in height:

"LEASED FROM EXCHANGE NATIONAL BANK AND TRUST COMPANY OF CHICAGO, ILLINOIS, AS TRUSTEE, AND SUBJECT TO A SECURITY INTEREST HELD BY MODERN WOODMEN OF AMERICA AND FILED WITH THE INTERSTATE COMMERCE COMMISSION."

EXHBIT B (Cont'd)

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer or Vendor of the Equipment for warranties it has made with respect to the Equipment.

Inspector and Authorized
Representative of Lessor and
Secured Party

EXHIBIT C
TO LEASE OF EQUIPMENT
SCHEDULE OF CASUALTY VALUES

The Casualty Value of any Item of Equipment payable on any Basic Rent payment date shall mean an amount equal to the percent of purchase price of such Item of Equipment set forth opposite such Basic Rent payment date in the following schedule:

<u>Basic Rent Payment Number</u>	<u>Casualty Value Expressed as a percentage of Purchase Price</u>
1.	102.9655%
2.	103.7891%
3.	103.6362%
4.	104.3114%
5.	104.9963%
6.	105.0950%
7.	107.7989%
8.	108.3561%
9.	109.0225%
10.	108.8862%
11.	109.5075%
12.	108.8579%
13.	105.8324%
14.	106.3906%
15.	106.1731%
16.	106.7094%
17.	107.2548%
18.	107.2796%
19.	108.9697%
20.	109.4978%
21.	110.0328%
22.	109.9828%
23.	110.4823%
24.	109.8907%
25.	106.7498%
26.	107.1968%
27.	106.9541%
28.	107.3770%
29.	107.8050%
30.	107.5828%
31.	108.4407%
32.	108.8446%
33.	109.2532%
34.	109.2532%
35.	109.6239%
36.	109.0802%

EXHIBIT C TO
LEASE OF EQUIPMENT (Cont'd)

SCHEDULE OF CASUALTY VALUES

<u>Basic Rent Payment Number</u>	<u>Casualty Value Expressed as a percentage of Purchase Price</u>
37.	105.8086%
38.	106.1228%
39.	105.8339%
40.	106.1204%
41.	106.4097%
42.	105.9350%
43.	106.2015%
44.	106.4610%
45.	106.7228%
46.	106.6119%
47.	106.8304%
48.	106.3223%
49.	102.8494%
50.	103.0053%
51.	102.5726%
52.	102.6959%
53.	102.8191%
54.	102.0820%
55.	101.9427%
56.	102.0284%
57.	102.1134%
58.	101.8423%
59.	101.9115%
60.	101.3651%
61.	97.7747%
62.	97.8113%
63.	97.3034%
64.	97.3337%
65.	97.3643%
66.	96.6106%
67.	96.4604%
68.	96.4822%
69.	96.5025%
70.	96.2030%
71.	96.2189%
72.	95.6657%
73.	95.6774%
74.	95.6894%
75.	95.1685%
76.	95.1736%
77.	95.1790%
78.	94.4175%
79.	94.2455%

EXHIBIT C TO
LEASE OF EQUIPMENT (Cont'd)

SCHEDULE OF CASUALTY VALUES

<u>Basic Rent Payment Number</u>	<u>Casualty Value Expressed as a percentage of Purchase Price</u>
80.	94.2414%
81.	94.2355%
82.	93.9170%
83.	93.9064%
84.	93.3402%
85.	93.3250%
86.	93.3100%
87.	92.7751%
88.	92.7528%
89.	92.7304%
90.	91.9608%
91.	91.7652%
92.	91.7326%
93.	91.6979%
94.	91.3588%
95.	91.3190%
96.	90.7389%
97.	90.6944%
98.	90.6496%
99.	90.0996%
100.	90.0471%
101.	89.9941%
102.	89.2160%
103.	88.9944%
104.	88.9307%
105.	88.8643%
106.	88.5027%
107.	88.4309%
108.	87.8358%
109.	87.7591%
110.	87.6796%
111.	87.1113%
112.	87.0256%
113.	86.9371%
114.	86.1479%
115.	85.8980%
116.	85.7978%
117.	85.6946%
118.	85.3076%
119.	85.2005%
120.	84.5877%

EXHIBIT C TO
LEASE OF EQUIPMENT (Cont'd)
SCHEDULE OF CASUALTY VALUES

<u>Basic Rent Payment Number</u>	<u>Casualty Value Expressed as a percentage of Purchase Price</u>
121.	84.4753%
122.	84.3597%
123.	83.7735%
124.	83.6513%
125.	83.5258%
126.	82.7270%
127.	82.4457%
128.	82.3076%
129.	82.1660%
130.	81.7522%
131.	81.6063%
132.	80.9760%
133.	80.8244%
134.	80.6692%
135.	80.0637%
136.	79.9013%
137.	79.7352%
138.	78.9262%
139.	78.6107%
140.	78.4310%
141.	78.2474%
142.	77.8041%
143.	77.6157%
144.	76.9664%
145.	76.7719%
146.	76.5732%
147.	75.9468%
148.	75.7404%
149.	75.5296%
150.	74.7098%
151.	74.3598%
152.	74.1375%
153.	73.9092%
154.	73.4339%
155.	73.2004%
156.	72.5305%
157.	72.2921%
158.	72.0489%
159.	71.3999%
160.	71.1485%

EXHIBIT C TO
LEASE OF EQUIPMENT (Cont'd)
SCHEDULE OF CASUALTY VALUES

<u>Basic Rent Payment Number</u>	<u>Casualty Value Expressed as a percentage of Purchase Price</u>
161.	70.8922%
162.	70.0609%
163.	69.6704%
164.	69.3986%
165.	69.1200%
166.	68.6100%
167.	68.3257%
168.	67.6335%
169.	67.3440%
170.	67.0492%
171.	66.3757%
172.	66.0720%
173.	65.7627%
174.	64.9229%
175.	64.4918%
176.	64.1676%
177.	63.8340%
178.	63.2878%
179.	62.9480%
180.	62.2328%
181.	61.8913%
182.	61.5399%
183.	60.8439%
184.	60.4868%
185.	60.1197%
186.	59.2674%
187.	58.7885%
188.	58.4054%
189.	58.0118%
190.	57.4247%
191.	57.0243%
192.	56.2833%
193.	55.8812%
194.	55.4683%
195.	54.7440%
196.	54.3249%
197.	53.8946%
198.	53.0291%
199.	52.4981%
200.	52.0506%

EXHIBIT C TO
LEASE OF EQUIPMENT (Cont'd)
SCHEDULE OF CASUALTY VALUES

<u>Basic Rent Payment Number</u>	<u>Casualty Value Expressed as a percentage of Purchase Price</u>
201.	51.5914%
202.	50.9595%
203.	50.4928%
204.	49.7241%
205.	49.2557%
206.	48.7753%
207.	48.0205%
208.	47.5334%
209.	47.0340%
210.	46.1546%
211.	45.5666%
212.	45.0486%
213.	44.5175%
214.	43.8369%
215.	43.2977%
216.	42.4988%
217.	41.9580%
218.	41.4037%
219.	40.6158%
220.	40.0545%
221.	39.4794%
222.	38.5851%
223.	37.9348%
224.	37.3397%
225.	36.7301%
226.	35.9993%
227.	35.3855%
228.	34.5586%
229.	33.9436%
230.	33.3195%
231.	32.5063%
232.	31.8754%
233.	31.2351%
234.	30.3420%
235.	29.6419%
236.	28.9843%
237.	28.3169%
238.	27.5504%
239.	26.8717%
240.	26.0000%